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INDEPENDENT AUDITOR'S REPORT

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-18-06

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Board of Directors  
Baton Rouge Area Alcohol and Drug Center, Inc.  
(A Not for Profit Organization)  
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 2005 and 2004, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge Area Alcohol and Drug Center, Inc. as of June 30, 2005 and 2004, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2005 on our consideration of Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Randall A. Plaisance, APAC*

Baton Rouge, Louisiana  
November 23, 2005

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2005 and 2004

	<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
<u>CURRENT ASSETS</u>			
Cash in bank		(\$ 5,617)	\$ 15,614
Accounts receivable ( Note 3)		46,360	16,986
Prepaid Expenses		<u>12,049</u>	<u>12,746</u>
Total Current Assets		<u>52,792</u>	<u>45,346</u>
 <u>FURNITURE, EQUIPMENT AND VEHICLES— at cost</u>			
Furniture and equipment		69,867	73,931
Vehicles		21,053	21,053
Leasehold improvements		25,463	22,306
Accumulated depreciation (deduction)		<u>( 95,905)</u>	<u>( 95,184)</u>
		<u>20,478</u>	<u>22,106</u>
 <u>TOTAL ASSETS</u>		 <u>\$ 73,270</u>	 <u>\$ 67,452</u>
 <u>LIABILITIES AND NET ASSETS</u>			
<u>CURRENT LIABILITIES</u>			
Accounts payable		\$ 7,469	\$ 5,171
Accrued vacation payable (Note 4)		12,134	10,972
Payroll taxes payable		<u>2,288</u>	<u>2,458</u>
Total Current Liabilities		21,891	18,601
 <u>NET ASSETS</u>			
Unrestricted		<u>51,379</u>	<u>48,851</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>		 <u>\$ 73,270</u>	 <u>\$ 67,452</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>REVENUES</u> (Note 3)		
Capital Area Human Services District	\$ 276,792	\$ 277,400
City of Baton Rouge and Parish of East Baton Rouge	209,566	215,400
United Way allocation	42,278	53,490
Client fund revenues	3,878	1,935
Other revenues / donations	<u>2,147</u>	<u>7,888</u>
Total Revenues	<u>534,661</u>	<u>556,113</u>
 <u>EXPENSES</u>		
Advertising, dues, subscriptions	522	762
Auditing fee	2,075	2,075
Auto maintenance and supplies	1,729	771
Building maintenance (Note 3)	867	1,408
Client fund expense	2,981	1,843
Communications	3,095	3,366
Depreciation expense	4,786	8,406
Food Services	75,555	83,241
Insurance: General	17,742	17,011
Accident and health	14,801	18,420
Workers' compensation	5,156	5,818
Laundry	10,836	13,618
License Fees	625	625
Maintenance and repairs	7,148	10,834
Miscellaneous expenses	161	941
Payroll taxes	22,892	21,944
Printing and office expense	2,720	4,255
Professional services	12,860	12,000
Rent and occupancy expense (Note 3)	46,989	52,282
Salaries	285,057	278,193
Supplies: Building and general	8,789	10,582
Food and medical	4,592	7,608
Travel/conference	<u>155</u>	<u>240</u>
Total expenses	<u>532,133</u>	<u>556,243</u>
 <u>CHANGE IN UNRESTRICTED NET ASSETS</u>	 2,528	 ( 130)
 <u>NET ASSETS, BEGINNING OF YEAR</u>	 <u>48,851</u>	 <u>48,981</u>
 <u>NET ASSETS, END OF YEAR</u>	 <u>\$ 51,379</u>	 <u>\$ 48,851</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received - CAHSD	\$247,418	\$ 279,148
- City of Baton Rouge	161,710	161,710
- United Way	42,278	53,490
Client fund collections	3,878	2,166
Other cash receipts	2,147	7,888
Cash paid to suppliers of goods and services	(168,548)	( 199,739)
Salaries paid	(284,065)	( 276,717)
Payroll taxes paid	<u>( 22,892)</u>	<u>( 21,944)</u>
Net cash provided by (used in) operating activities	( 18,074)	6,002
<u>CASH FLOWS USED IN INVESTING ACTIVITIES</u>		
Capital expenditures – leasehold improvements	<u>( 3,157)</u>	<u>          -</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	( 21,231)	6,002
Cash at beginning of period	<u>15,614</u>	<u>9,612</u>
Cash at end of period	<u>(\$ 5,617)</u>	<u>\$ 15,614</u>

The accompanying notes are an integral part of this statement.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004

1. Summary of Significant Accounting Policies

Organization

Baton Rouge Area Alcohol and Drug Center, Inc. was incorporated on August 3, 1972. Its stated purpose is to provide services to the alcohol and drug abuser including coordination and cooperation with other agencies (both public and private) in the field. The majority of its funds come from the Capital Area Human Services District and the City of Baton Rouge.

Furniture, Equipment and Vehicle

Properties are stated at cost. Maintenance and repairs are charged to expense and improvements are capitalized. Gains and losses from sales or retirement are recognized in the period of disposition.

Depreciation

Depreciation of the furniture, equipment and building is computed using the straight-line method over their estimated useful lives which ranges from 5 to 15 years.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Income Tax

The Center is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

Statement of Cash Flows

For purposes of the statement of cash flows, the Center considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004

2. Reconciliation of Net Income to Net Cash Provided by Operating Activities

a. A reconciliation of the net income to net cash provided by operating activities for the years ended June 30, 2005 and 2004 is as follows:

	<u>2005</u>	<u>2004</u>
Net income (loss)	\$ 2,528	(\$ 130)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,786	8,406
Net decrease (increase) in accounts receivable	( 29,374)	1,979
Net decrease (increase) in prepaid expense	697	167
Net increase (decrease) in accounts payable	2,298	( 5,896)
Net (decrease) increase in accrued vacation	1,162	( 982)
Net (decrease) increase in payroll taxes payable	( 171)	<u>2,458</u>
Net cash provided by (used in) operating activities	<u>(\$ 18,074)</u>	<u>\$ 6,002</u>

b. Schedule of non-cash transactions

The non-cash support provided by the City has not been reflected in the statement of Cash Flows. See Note 3.

3. Revenues, Donated Materials and Services

The Center is funded monthly/quarterly by each of its funding agencies, Capital Area Human Services District, City of Baton Rouge and the United Way. The CAHSD contract is on a fiscal year basis (June 30) while the City and the United Way are on a calendar year basis. The CAHSD contract is on a per diem basis. At June 30, 2005 and 2004 the Center had receivables from the CAHSD of \$46,360 and \$16,986, respectively.

The City provides the facilities occupied by the Center free of rent. It also pays the utilities and maintenance costs associated with the facility. The rental value assigned to the use of the building was \$5.75 per square foot. Any amounts greater than this were recorded at the amount expensed by the City. A summary of the City's total support (both cash and donated materials/services) for the years ended June 30, 2005 and 2004 is reflected below.

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A Not for Profit Organization)  
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004

3. Revenues, Donated Materials and Services (continued)

	<u>2005</u>	<u>2004</u>
Rent and occupancy expense	\$ 46,989	\$ 52,282
Building maintenance	<u>867</u>	<u>1,408</u>
Non-cash support	47,856	53,690
Cash support	<u>161,710</u>	<u>161,710</u>
Total City Support	<u>\$209,566</u>	<u>\$215,400</u>

4. Accrued Vacation Payable

Annual leave is accrued beginning with the first month of employment but is not taken until an employee has been with the Center six months. The annual accrual varies with the employee's years of service and there is a limitation on the amount of leave which can be carried over to the next year. The payable at June 30, 2005 and 2004 represents accumulated leave at the employee's current rate of pay.

5. Compensation of Board of Directors

No member of the Center's Board of Directors received any compensation or per diem.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Baton Rouge Area Alcohol and Drug Center, Inc.  
(A Not for Profit Organization)  
Baton Rouge, Louisiana

We have audited the financial statements of Baton Rouge Area Alcohol and Drug Center, Inc. as of and for the year ended June 30, 2005 and have issued our report thereon dated November 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Baton Rouge Area Alcohol and Drug Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the board of directors and management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Randall A. Plaisance, APAC*

Baton Rouge, Louisiana  
November 23, 2005

**Randall A. Plaisance, CPA**

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors  
Baton Rouge Area Alcohol and Drug Center, Inc.  
(A Not for Profit Organization)  
Baton Rouge, Louisiana

**Compliance**

We have audited the compliance of Baton Rouge Area Alcohol and Drug Center, Inc. with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended June 30, 2005. Baton Rouge Area Alcohol and Drug Center, Inc.'s major Federal programs are identified on page 11, Schedule of Expenditures of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Baton Rouge Area Alcohol and Drug Center, Inc.'s management. Our responsibility is to express an opinion on Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Baton Rouge Area Alcohol and Drug Center, Inc.'s compliance with those requirements.

In our opinion, Baton Rouge Area Alcohol and Drug Center, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2005.

## Internal Control Over Compliance

The management of Baton Rouge Area Alcohol and Drug Center, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Baton Rouge Area Alcohol and Drug Center, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors and management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Randall A. Plaisance, APAC*

Baton Rouge, Louisiana  
November 23, 2005

BATON ROUGE AREA ALCOHOL AND DRUG CENTER, INC.  
(A NOT FOR PROFIT ORGANIZATION)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2005

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
State of Louisiana Department of Health and Hospitals	13.992	CFMS 615191 CAHSD#SA50045	\$276,792.00

Pass through Grantor:

Office for Addictive Disorders

Capital Area Human Services District

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.